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| <b>THE INSTITUTE OF CHARTERED ACCOUNTANTS OF PAKISTAN</b> |   |
| <b>EXAMINERS' COMMENTS</b>                                |   |
| <b>SUBJECT</b><br>Strategy and Performance<br>Measurement | <b>SESSION</b><br>Certified Finance and Accounting Professional<br>(CFAP) Examination – Winter 2024 |

### Passing %

| Question-wise |     |     |     |     |     |     | Overall |
|---------------|-----|-----|-----|-----|-----|-----|---------|
| 1             | 2   | 3   | 4   | 5   | 6   | 7   |         |
| 24%           | 49% | 43% | 33% | 13% | 53% | 17% | 31%     |

### General comments

The overall passing rate in this session has remained fairly consistent with the previous session's rate of 31%. A significant concern persists regarding the weak explanatory skills among examinees, highlighting the need for improved writing abilities. This subject inherently requires a more detailed explanation rather than just relying on bullet points and incomplete and partial analyses.

### Question-wise common mistakes observed

#### Question 1

- Rather than selecting the best option aligned with the marketing research, examinees focused on analyzing both the options under each of the 4Ps of the marketing mix.
- Examinees failed to provide more than one reason for their chosen option resulting in loss of marks.

#### Question 2

- Examinees were not able to correctly identify the current phase of growth to the situation described in the question and accordingly failed to identify the associated crises being faced by each mart.
- Some examinees were also not aware of the Greiner Growth Model resulting in incorrect responses.

#### Question 3

- Examinees only identified the most apparent weaknesses like appraisal was an annual event. They failed to identify such weaknesses as absence of documentation, lack of structure, and lack of follow-up plan.
- Examinees failed to provide suggestions for each of the identified weaknesses.
- Examinees failed to provide a properly formulated example of a SMART goal.

#### **Question 4**

- Examinees failed to identify the correct short- and long-term e-branding strategy namely partnering with an established e-brand for the short term and creating a distinct online-only brand for the long term. Consequently, their explanations regarding why the other strategies were less suitable for each time frame were also incorrect.
- Examinees who correctly identified the suitable strategy for the short- and long-term, failed to adequately explain why the other strategies were less suitable in their respective time frame.

#### **Question 5(a)**

Examinees incorrectly analyzed the ethical situation from the company's perspective rather than the stakeholders' perspective as required by the question. They focused on stakeholders' reactions to MHN Limited's apparent misconduct instead of its impact on them. For example, they mentioned customers might switch suppliers instead of addressing health risks from poor-quality products, or that the government might impose fines on MHN instead of losing tax revenue for itself. This misplaced focus emphasized the company's losses rather than the stakeholders' impact.

#### **Question 5(b)**

Examinees failed to present the actions and safeguards in a logical and appropriate order. For instance, they suggested the first step be a discussion with the other non-executive directors, followed by discussing the issue with the CEO, and only later verifying the accuracy of the information. The correct order should have been to first ensure the accuracy of the information, then discuss it with the CEO, and finally involve the other non-executive directors.

#### **Question 6**

- Examinees were not able to identify that strategy C was a concentric diversification, distinct from conglomerate diversification.
- Examinees failed to conclude, based on the debt-to-equity ratio, that the company could pursue both Strategies A and B instead of only one of these. Some even recommended Strategy C, overlooking that this choice would push the company's debt-to-equity ratio above the industry average.

#### **Question 7**

- Examinees were focused on giving percentage variation in revenues, costs, and profits without offering any plausible reason for the differences by connecting them to the various facts in the question.
- Similarly, examinees only stated whether the non-financial performance, based on the quantitative feedback, was good or bad instead of linking it to the facts of the case and offering probable explanations.
- Examinees also failed to recognize that the inflation rate may be the cause of the increase in revenues and that some of the revenues may have decreased in volume.

***(THE END)***